



## **Bureau of Insurance Statement Regarding Maine Community Health Options**

**June 4, 2019**

This statement discusses the key April financial results for Maine Community Health Options (“CHO”) compared to its 2019 Business Plan provided to the Bureau of Insurance (BOI).

CHO reported net income of \$0.3 million for the month of April, which compares to the Plan’s projected loss of \$0.2 million. Year-to-date net income was a reported \$4.0 million compared to the Plan’s expected \$0.6 million of net income during the period. As of April 30, 2019, capital and surplus were a reported \$62.5 million, a \$5.2 million increase (9.1%) from \$57.3 million as of December 31, 2018.

The Company’s reported bonds, cash, cash equivalents, and short term investments at the end of April totaled \$168.9 million, a \$7.5 million (4.6%) increase from \$161.4 million at December 31, 2018. These assets exceed the Company’s accrued liabilities for member- and provider-related obligations and the BOI remains comfortable that CHO has adequate assets to meet its current obligations to its members and their health care providers.

CHO had total membership of 39,817 during April (75.2% individual, 21.0% small group, and 3.8% large group). This reflects a 20.6% drop in total membership from December 31, 2018 when it was 50,128 (79.4% individual, 17.4% small group, and 3.2% large group.) A drop in membership was expected due in part to the entry of another insurer into the Maine Affordable Care Act Marketplace as of January 1, 2019 and other factors such as repeal of the individual mandate and associated tax penalty. CHO’s actual April membership was only slightly lower (1.4%) than the Plan projection for the month.

The reported percentage of the Net Outstanding Claims Inventory (which is the total pending Net Submitted Dollar Amount at April 30, 2019) in the 0-30 day period (79.5%) was lower than the same figure reported for March 31, 2019 (89.9%). The 0-60 day period inventory (94.1%) was slightly lower than reported for March (96.2%). The seeming deterioration in the aging of CHO’s claim inventory in April is due to the substantial reduction in the total net submitted amount in the 0-30 day period (\$8.1 million in April versus an average of \$14.6 million during the three previous months). The relativity of that lower amount in the 0-30 day category to the total amount in the three other categories (which was not materially lower than prior months) creates that misimpression. The BOI is monitoring the aging of the claim inventory on a weekly basis, so more recent information is available. CHO reports that as of May 27, 2019, the percentage of Net Outstanding Claim Submissions in the 0-30 day period was 86.0% and in the 0-60 day period 99.2%. The age of the average claim in CHO’s inventory on May 27 was reported to be 6.6 days.

During April, CHO increased its aggregate health policy reserves by \$0.3 million from the March 31, 2019 level to a total of \$72.8 million (this reflects an increase of \$1.7 million in the 2019 risk adjustment payable reserve and a \$1.4 million reduction in the 2019 premium deficiency reserve). Management advises the BOI that these are deemed conservative steps.